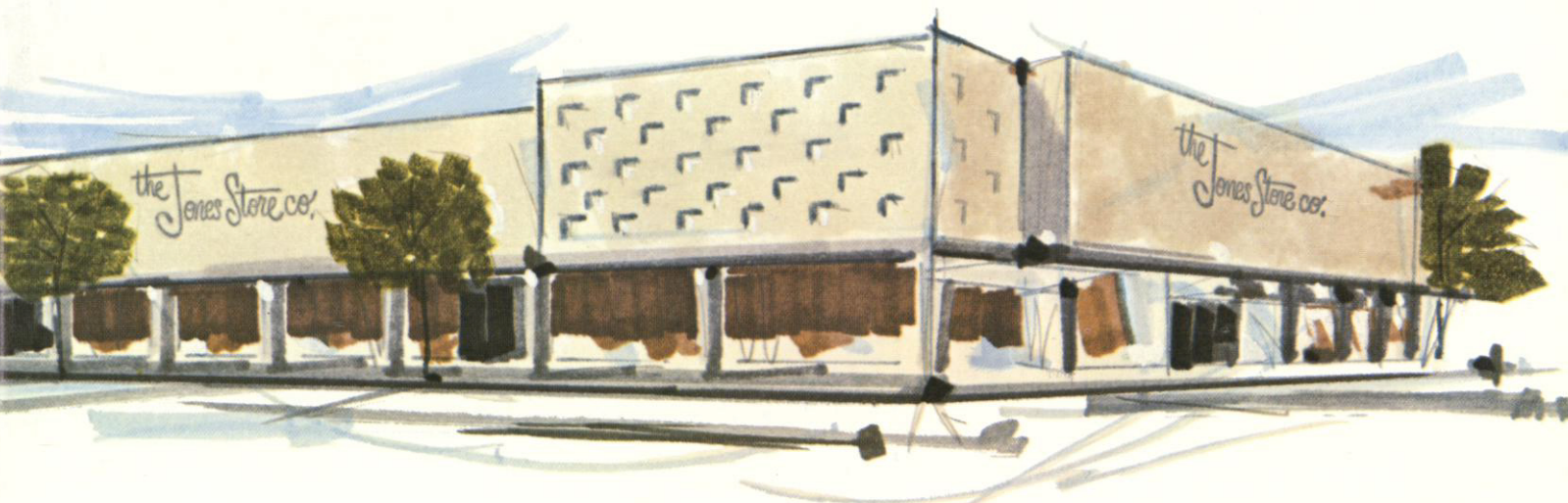


MERCANTILE STORES
COMPANY, INC.
1968

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Annual Report for the year ended January 31, 1969



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Annual Meeting

The Annual Meeting of Stockholders will be held at 11:00 a.m.,
on Wednesday, May 21, 1969 at 100 West 10th Street, Wilmington, Delaware.
All stockholders are cordially invited to attend.

MERCANTILE STORES COMPANY, INC.

A Delaware Corporation — Incorporated 1919

Directors

JOHN E. BIERWIRTH
*Chairman of the Board and a director of
National Distillers and Chemical Corporation*

F. K. BRADLEY
*Vice-Chairman of the Board
Mercantile Stores Company, Inc.*

MORGAN A. CASEY
*Vice-President
Mercantile Stores Company, Inc.*

ASHTON HAWKINS
*Secretary
Mercantile Stores Company, Inc.*

HAROLD W. JOCKERS
*Chairman of the Board
Mercantile Stores Company, Inc.*

F. G. KINGSLEY
*Vice-President and a director of
Deering Milliken, Inc.,*

GERRISH H. MILLIKEN, JR.
*Vice-President and a director of
Deering Milliken, Inc.*

MINOT K. MILLIKEN
*Vice-President, treasurer and a
director of Deering Milliken, Inc.*

ROGER MILLIKEN
*President and a director of
Deering Milliken, Inc.*

GEORGE S. MOORE
*Chairman and a director of
First National City Bank, New York*

G. BURTON PEARSON, JR.
*Senior Vice-President and a director
of Wilmington Trust Company,
Wilmington, Delaware*

R. NELSON SHAW
*President
Mercantile Stores Company, Inc.*

CHARLES E. STALLINGS
*Vice-President
Mercantile Stores Company, Inc.*

RALPH S. STILLMAN
*Chairman of the executive committee
and a director of Marine Midland
Grace Trust Company of New York*

Officers

HAROLD W. JOCKERS
Chairman of the Board

R. NELSON SHAW
President

F. G. KINGSLEY
Chairman of the Executive Committee

F. K. BRADLEY
Vice-Chairman of the Board

FREDERICK W. BLECKWENN
Vice-President

MORGAN A. CASEY
Vice-President

RONALD W. FERGUSON
Vice-President

EDWARD J. SHARKEY
Vice-President

CHARLES E. STALLINGS
Vice-President

WILLIAM G. STUBENVOLL
Vice-President

LEON F. WINBIGLER
Vice-President

WILLIAM A. HEINEMAN
Treasurer

R. S. KIZER
Controller

ASHTON HAWKINS
Secretary

FINANCIAL HIGHLIGHTS IN BRIEF

	1968 (Year Ended Jan. 31, 1969)	1967 (Year Ended Jan. 31, 1968)
Operating Results		
Net Sales	\$285,584,555	\$256,549,686
Sales increase percentage	11.3%	9.5%
Income before income taxes	24,221,051	19,106,608
Percent to sales	8.5%	7.4%
Net income before extraordinary item	11,351,051	10,181,608*
Percent to sales	4.0%	4.0%
Per Common Share		
Net income before extraordinary item	3.85	3.45*
Dividends	1.40	1.40
Cash Flow	5.46	5.39
Financial Position		
Working Capital	\$ 52,878,593	\$ 47,332,031
Ratio of current assets to current liabilities	2.67	2.84
Receivables — Net	29,263,337	20,621,285
Merchandise Inventories	46,017,007	39,756,641
Property and Equipment — Net	53,143,218	48,844,319
Total assets	137,731,638	121,915,321
Long term debt	15,731,451	13,526,096
Stockholders' equity	87,899,360	80,675,254
Per Common Share	29.82	27.37
Shares outstanding	2,947,818	2,947,818
Ratio of net income before extraordinary item to invested capital	12.9%	12.6%
Stores at end of year		
Number	61	61
Total square feet	5,005,000	4,942,000

* In addition to earnings shown above for 1967, an extraordinary gain on the sale of an investment was realized in the net amount of \$1,387,005, or 47¢ per share.

MERCANTILE STORES COMPANY, INC.

100 West 10th Street • Wilmington, Delaware

April 14, 1969

To Our Stockholders:

The year 1968 was one of progress and a fitting climax to our 50th year of retailing.

New records were set in:

Sales — which totaled \$285,584,555, an increase of 11.3% over the sales of last year.

Net earnings — which were \$11,351,051, an increase of \$1,169,443 over last year after a 10% tax surcharge of \$1,169,000.

Earnings per share — which rose to \$3.85, comparing favorably with the \$3.45 (before extraordinary item) earned in the prior year.

The results of this past year continue the impressive improvement in your Company's performance which has become evident over the past five years. The Company has demonstrated its capability to achieve substantial gains in the years ahead as we serve our customers in many ways and in many places.

We say this with a keen awareness that the retail business is one of change. It is change with its many uncertainties that challenges all of us but that excites only the best of us and which each day in some way adds a new dimension to merchandising. With all the change, however, we must never lose sight of our clearly defined objective — making the store a great place in which to shop.

We at Mercantile think we do this better and better each day.

A significant development over the past several years has encouraged your Company to radically widen its retail horizon. We are alluding to the rewarding success which has been realized by our newer units located some distance (80 to 100 miles) from the main store. For a long time, we followed a policy of locating our suburban stores in close proximity to the downtown store, whose well recognized name enhanced the branch's probability of success. Our future expansion plans envision a broadening of this policy as new branches are placed farther and farther away from the main unit. This redefinition will in no way detract from the stability of our downtown stores for they house the specialized personnel and offer the broad range of co-ordinated services which are essential ingredients in any retailing endeavor.

In the forefront of our success stands The Jones Store Company in Kansas City, Missouri, representing in so many ways the long-range goals which we seek for all our stores. In a sense, therefore, it is appropriate that

this issue concern itself in no small measure with its accomplishments.

The drawings on the cover are of the downtown store and three of its branches. Interspersed throughout this issue are pictures of several of the departments of the store as well as a brief resume of its history and fashion consciousness.

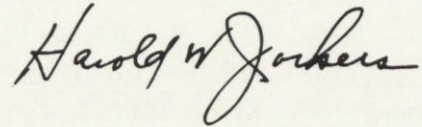
The pride we take in The Jones Store Company extends to all divisions of the Company led by men with demonstrated ability as merchants dedicated to achieving retail leadership in their communities.

We must acknowledge at all levels the talented and capable people who daily handle the affairs of your Company with ever increasing skill as we strive also to make our stores a pleasant place in which to work.

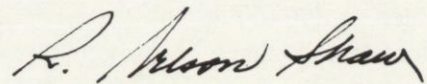
Combined sales for the months of February and March, 1969 show an increase of approximately 9%, as this report is being prepared.

We thank all who, down through the years, have made today possible. We look forward to the future with anticipation, and especially to 1969.

Respectfully submitted,

A handwritten signature in cursive script, reading "Harold W. Jones".

Chairman of the Board

A handwritten signature in cursive script, reading "R. Nelson Shaw".

President

By Order of The Board of Directors,
April, 1969

Financial and Operating Review

Sales

Sales during the year reached a new peak, aggregating \$285,584,555, an increase of 11.3% over the sales for the previous fiscal year. Stores which were open for the full two years showed an increase of 7.9%.

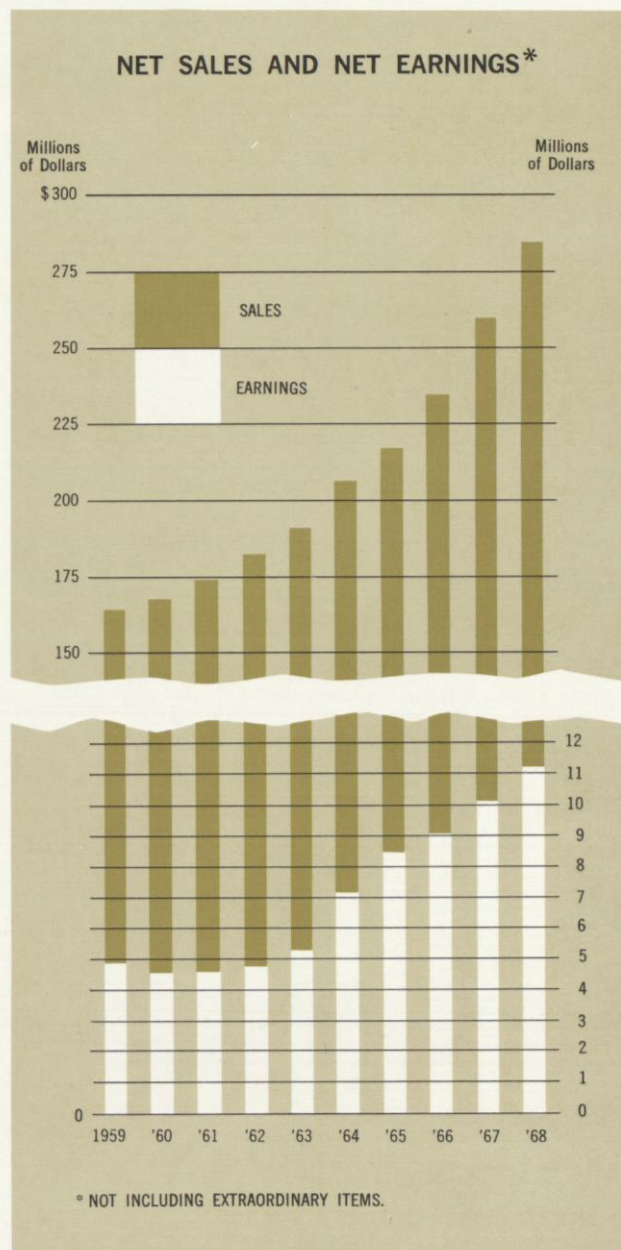
The proportion of sales from suburban stores continued to rise and now represents 63% of sales. This ratio will continue its upward trend in the future due to the plans for new suburban units as well as the more rapid rate of growth enjoyed in the branch stores.

Earnings

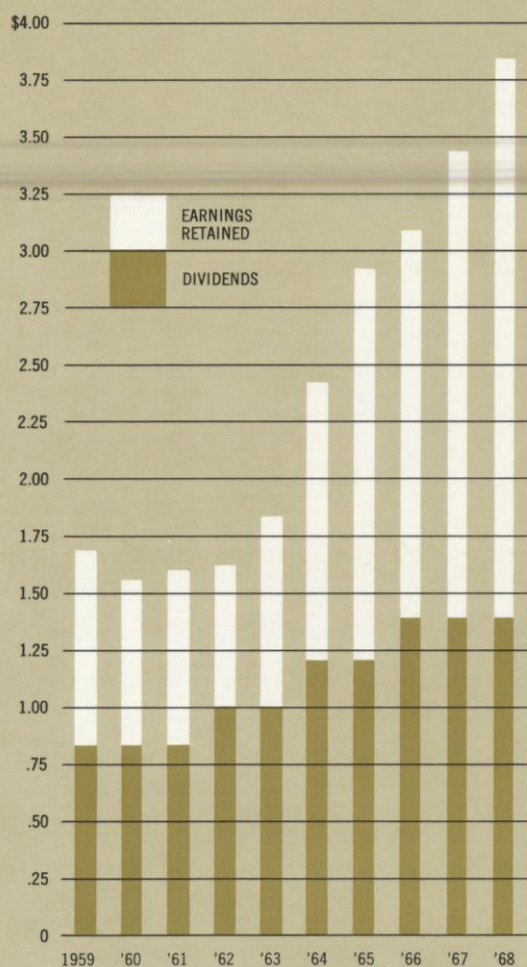
Earnings for the fiscal year reached a new record, rising to \$11,351,051, an increase of 11.5% over the \$10,181,608 earned last year. This amounted to \$3.85 per share in 1968, higher by \$.40 per share than the \$3.45 attained in 1967. The 10% surcharge adversely affected per share earnings by \$.40 in the latest year.

Earnings in 1968 were helped by about 6¢ per share due to the sale of stock of an insurance company held by the Company as an investment for a number of years.

The results for 1968 reflected a much smaller investment tax credit (by about \$.06) than that realized in 1967 when three stores were opened and an existing store was doubled in size. The investment tax credit



EARNINGS, DIVIDENDS AND RETAINED EARNINGS PER SHARE OF STOCK



in the current year is expected to be approximately the same as that received this last year.

Earnings before taxes amounted to \$24,221,051, an increase of \$5,114,443 or 26.8% greater than that earned in 1967. The ratio of pre-tax profit to sales rose dramatically to 8.5%, a result not achieved since the early post-war years.

Dividends

The dividend rate for the year remained at \$1.40 per share, the 3rd consecutive year in which the dividend has remained unchanged.

Your Company has felt that in view of the high level of prevailing interest rates and the substantial capital expenditure program that is contemplated, an increase in the dividend rate would have necessitated additional borrowings which did not appear to be in the best interests of the stockholders.

The dividend policy is constantly being reviewed by your directors.

Dividends during the year totalled \$4,126,945, the 29th consecutive year in which dividends have been paid without interruption or reduction.

The chart opposite shows net earnings, dividends paid and retained earnings for the past ten years.

Additions And Improvements To Property And Equipment

During 1968 the Company invested \$8,641,818 in land, buildings and fixtures which continued the high rate of spending instituted last year and which will continue for the next several years. Expenditures for the fiscal year ending January 31, 1970 will approximate \$10,500,000.

Depreciation (on a straight line basis) for the year under review totalled \$4,325,786 which was \$342,797 more than the preceding year. The sum of \$1,088,993 was spent for repairs and maintenance, such amount being charged against operations for the year.

Long Term Debt

The long term debt at January 31, 1969 amounted to \$15,731,451, a net increase of \$2,205,355 over last year. On February 15, 1968, we borrowed \$3,467,500 by mortgaging fixtures on three new stores opened in 1967. During 1968, we also purchased certain land which was subject to a mortgage.

At year-end there were 72 leases in effect maturing after January 31, 1972 calling for annual minimum rentals of \$2,833,829. In addition, certain leases require the payment of real estate and personal property taxes and other expenses as well as additional rentals based on increased sales.

A summary of such lease commitments is as follows:

Expiring During Fiscal Years Ending January 31	Number of Leases	Minimum Annual Rental
1973-75	13	\$ 172,421
1976-80	22	637,341
1981-85	7	246,235
After 1985	30	1,777,832
	72	<u>\$2,833,829</u>

Short Term Debt

As disclosed in the last annual report, we executed a Credit Agreement with the First National City Bank which permits us to borrow such sums as may be required during a three year period ending January 31, 1971. During the fall season, we borrowed \$4,000,000 under the agreement but repaid it before the end of our fiscal year.

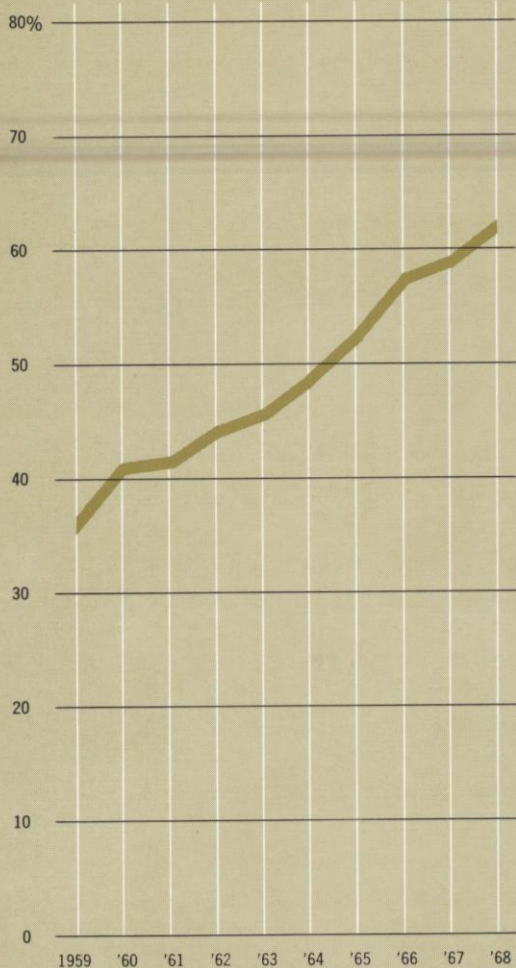
Expansion During The Year

A small store in Englewood, Colorado was closed during the year and a new 100,000 sq. ft. store was opened a short distance away. This resulted in a net addition of 63,000 sq. ft. of space to our store buildings.

Expansion For The Year Of 1969

The only store we will open during the year which commenced February 1, 1969 will be in Tuscaloosa, Alabama. In fact this 90,000 sq. ft. store (which some of us be-

SUBURBAN STORE SALES % OF TOTAL SALES



lieve it to be our most elegant one) did open on February 19th and the sales trend has been gratifying.

We had planned to open another store in Tallahassee, Florida, but the opening will be delayed until the early part of 1970.

Construction has begun or will soon begin on three units scheduled for opening in 1970 in Jackson, Mississippi; Columbia, South Carolina and Terre Haute, Indiana.

The four stores scheduled for 1970 will add 540,000 sq. ft.

A number of factors, mainly high interest and labor costs as well as financing difficulties encountered by shopping center developers, have caused a slowing down in our schedule for new stores.

As a result, we find that from the onset of serious negotiations for a particular site until opening day — a period of at least three years now elapses.

Square Feet Of Store Property

Your Company completed the current fiscal year with approximately 5,000,000 sq. ft. of space in store buildings, excluding warehouse facilities.

Current Number Of Stores

The number of stores remained unchanged during the year at 61 units comprised of 17 divisions with 57 stores in the United States

and one division with 4 stores operating in the Province of Ontario, Canada.

Net Current Assets

Net current assets (current assets less current liabilities) were \$52,878,593, an increase of \$5,546,562 over the previous year's figure. The ratio of current assets to current liabilities was 2.67 to 1 compared to 2.84 to 1 at the end of last year.

Credit sales increased to \$137,300,000, or almost 10% over the prior year, constituting 48.1% of total sales. The proportion of credit sales to total sales has been dropping slightly over the past several years. Thirty days and revolving charge accounts constitute about 82% of all credit sales and the balance represents the traditional installment and layaway accounts.

Merchandise inventories at year-end were up by \$6,260,366, which was considered normal for the increased pace of sales as well as by the fact that merchandise must be ordered well in advance to assure delivery before its particular selling season.

Pension And Profit Sharing Plans

Formal pension plan and other pension costs amounted to \$1,094,954. Last year these same costs were \$739,494. The company's policy is to fund pension cost currently.

Effective February 1, 1969, your Company liberalized its pension plan by reducing the

eligibility requirements to include all regular employees 25 years of age with two or more years of service. As a result of this liberalization 926 employees, in addition to those normally eligible, were added to the pension plan; coverage now extending to 4,366 employees.

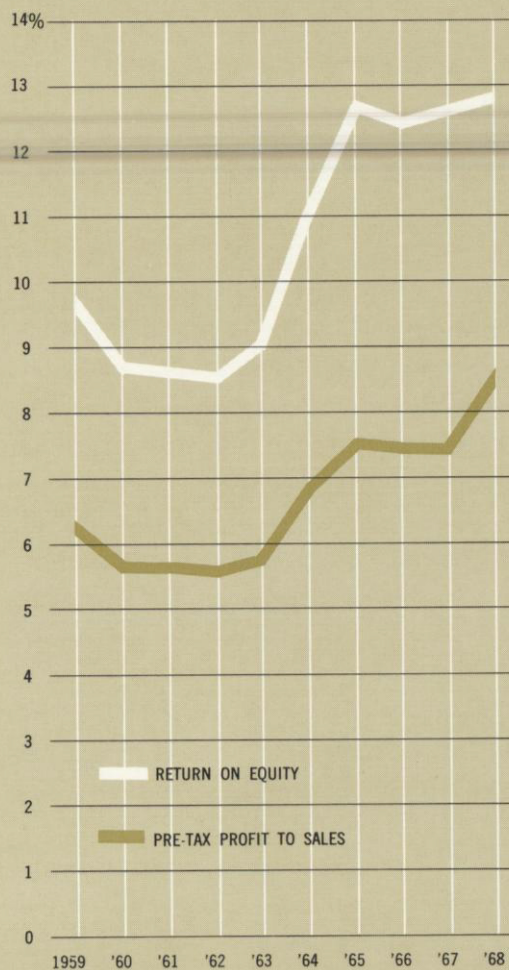
The market value of pension plan funds on deposit with the Trustee, First National City Bank, aggregates \$7,584,532.

Complementing the pension plan, the Company contributed \$1,053,740 to the Savings and Profit Sharing Plan which has been in effect since 1954. This sum was divided among the participants in the plan so that each received credit for 82¢ for each \$1.00 contributed by him, up to 6% of his remuneration.

In order that the eligibility requirements of the Savings and Profit Sharing Plan would be consistent with the Pension Plan, they were amended as of February 1, 1969 to conform to those now in effect for the Pension Plan.

The Savings and Profit Sharing Plan is divided into two funds; one representing contributions by the participants which is invested in equity and fixed income securities; and the other representing Company contributions which purchases Mercantile Stores common stock in the open market. The fund now owns 189,457 shares of Mercantile Stores common stock for the benefit of the participants.

PERCENTAGE OF PRE-TAX PROFIT TO SALES AND RETURN ON EQUITY



At January 31, 1969, the Trustee, Chemical Bank, was managing the two funds with a total market value of \$24,741,125.

There were 4,671 employees participating in the Savings and Profit Sharing Plan at February 1, 1969, a larger number than heretofore due to the liberalized eligibility requirements.

Cash Flow

Cash flow for the year reached a record high of \$16,092,837, equal to \$5.46 per share. Last year, including the extraordinary gain, cash flow equaled \$15,883,000 or \$5.39 per share.

The cash flow details are:

Net Income	\$11,351,051
Depreciation	4,325,786
Deferred Income Tax	416,000
	<u>\$16,092,837</u>

Stockholders' Equity

Stockholders' equity rose to \$87,899,360 or \$29.82 per share at January 31, 1969. Last year, it totalled \$80,675,254 or \$27.37 per share.

Executive Changes

Mr. Milo Skordal was transferred to Butte, Montana as President and Store Manager of the Hennessy Company.

Mr. Frank J. Canny, former manager at Butte, took charge of our store in Yakima, Washington.

Financial Statements

Accountants' Report

To the Board of Directors and Stockholders of
Mercantile Stores Company, Inc.:

We have examined the consolidated balance sheets of Mercantile Stores Company, Inc. (a Delaware corporation) and subsidiary companies as of January 31, 1969 and 1968, and the related consolidated statements of income, earnings retained for use in the business (earned surplus) and source and disposition of funds for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated financial statements referred to above present fairly the financial position of Mercantile Stores Company, Inc. and subsidiary companies as of January 31, 1969 and 1968, and the results of their operations and the source and disposition of funds for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

New York, N. Y.,
March 28, 1969.

MERCANTILE STORES COMPANY, INC.

and Subsidiary Companies

Statements of Consolidated Income

	Fiscal Year Ended	
	January 31, 1969	January 31, 1968
Net Sales	\$285,584,555	\$256,549,686
Deduct:		
Cost of goods sold and expenses, exclusive of items listed below.....	248,955,432	226,678,829
Depreciation and amortization.....	4,325,786	3,982,989
Rentals—See comments on page 7.....	3,691,811	3,365,344
Interest expense	2,206,528	1,815,889
Maintenance and repairs.....	1,088,993	860,533
Pension expense—See comments on page 9.....	1,094,954	739,494
	261,363,504	237,443,078
Income Before Income Taxes	24,221,051	19,106,608
Federal income taxes.....	11,990,000	8,165,000
State and Canadian income taxes.....	880,000	760,000
	12,870,000	8,925,000
Net Income Before Extraordinary Item	11,351,051	10,181,608
Gain on Sale of Investment, net of Federal income tax of \$443,000..	—	1,387,005
Net Income	\$ 11,351,051	\$ 11,568,613
Earnings Per Share:		
Before extraordinary item.....	\$3.85	\$3.45
Extraordinary item	—	.47
Net income	\$3.85	\$3.92

In the annual reports to the Securities and Exchange Commission, the cost of goods sold, central buying and occupancy expenses are \$197,831,452 and \$180,822,122, respectively, for the years January 31, 1969 and 1968, and selling, general and administrative expenses are \$62,104,081 and \$55,186,659, respectively.

Statements of Consolidated Earnings
Retained For Use in the Business (Earned Surplus)

	Fiscal Year Ended	
	January 31, 1969	January 31, 1968
Balance, beginning of year.....	\$69,125,839	\$61,684,171
Net income	11,351,051	11,568,613
	<u>80,476,890</u>	<u>73,252,784</u>
Dividends:		
\$1.40 per share, paid in each year.....	4,126,945	4,126,945
Balance, end of year.....	<u>\$76,349,945</u>	<u>\$69,125,839</u>

**Statements of Consolidated Source
and Disposition of Funds**

Sources of funds:

Net income for the year.....	\$11,351,051	\$11,568,613
Depreciation and amortization.....	4,325,786	3,982,989
Increase in deferred Federal income taxes.....	416,000	331,000
	<u>16,092,837</u>	<u>15,882,602</u>
Mortgage loan borrowing	4,429,966	—
Other	17,133	487,819
	<u>20,539,936</u>	<u>16,370,421</u>

Disposition of funds:

Dividends declared	4,126,945	4,126,945
Additions to property and equipment.....	8,641,818	8,633,578
Reduction in long-term debt.....	2,224,611	1,046,366
	<u>14,993,374</u>	<u>13,806,889</u>
Increase in working capital	5,546,562	2,563,532
Working capital at beginning of year.....	47,332,031	44,768,499
Working capital at end of year.....	<u>\$52,878,593</u>	<u>\$47,332,031</u>

MERCANTILE STORES COMPANY, INC.

and Subsidiary Companies

Consolidated Balance Sheets—January 31, 1969 and 1968

	January 31	
	1969	1968
Assets		
Current Assets:		
Cash	\$ 7,746,653	\$ 11,517,632
Accounts receivable—		
Customers accounts—		
Regular retail accounts.....	9,540,533	9,105,676
Installment accounts not sold.....	905,108	897,856
Equity in accounts sold (the uncollected balances of which amounted to \$31,663,410 and \$28,542,249, respectively) ..	19,311,522	10,854,225
Other accounts	1,824,603	1,886,137
	31,581,766	22,743,894
Less — Reserve for doubtful accounts.....	2,318,429	2,122,609
	29,263,337	20,621,285
Merchandise inventories, priced at the lower of cost or market determined by the retail inventory method.....	46,017,007	39,756,641
U. S. Government and other marketable securities, at cost, approximately equal to market.....	792,207	456,816
Unexpired insurance, prepaid rent, etc.....	769,216	718,628
Total current assets.....	84,588,420	73,071,002
Property and Equipment, at cost:		
Land	10,414,533	8,387,207
Buildings and building improvements.....	43,763,082	41,589,310
Less — Accumulated depreciation.....	(19,160,972)	(18,504,642)
Store fixtures, etc.	30,331,197	28,209,518
Less — Accumulated depreciation.....	(12,204,622)	(10,837,074)
	53,143,218	48,844,319
	\$137,731,638	\$121,915,321

	January 31	
	1969	1968
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 16,649,753	\$ 13,137,421
Accrued taxes (other than Federal income), compensation, rent, etc.	8,462,520	7,774,760
Reserve for Federal income taxes.....	4,946,207	3,780,424
Current maturities of long-term debt.....	1,651,347	1,046,366
Total current liabilities.....	<u>31,709,827</u>	<u>25,738,971</u>
Long-Term Debt:		
5% notes payable to an insurance company, \$333,000 due annu- ally to 1977, \$2,500,000 due December 1, 1978.....	5,169,000	5,502,000
Mortgage notes payable, due in installments over the life of each mortgage, most of which are twenty-year mortgages....	10,562,451	8,024,096
	<u>15,731,451</u>	<u>13,526,096</u>
Deferred Federal Income Taxes	<u>2,391,000</u>	<u>1,975,000</u>
Lease Obligations — See comments on page 7		
Stockholders' Equity:		
Common stock, par value \$1.83½ per share—Authorized and issued 2,950,998 shares.....	5,410,163	5,410,163
Less — 3,180 shares held in treasury.....	5,830	5,830
Outstanding 2,947,818 shares.....	5,404,333	5,404,333
Capital surplus	6,145,082	6,145,082
Earnings retained for use in the business (earned surplus) — \$59,910,000 restricted at January 31, 1969, as to payment of cash dividends under terms of insurance company loan agree- ment	76,349,945	69,125,839
	<u>87,899,360</u>	<u>80,675,254</u>
	<u>\$137,731,638</u>	<u>\$121,915,321</u>

MERCANTILE STORES COMPANY, INC.

and Subsidiary Companies

Ten-Year Review

	Year ended January 31	1969	1968	1967
Operating Results				
Net sales		\$285,584,555	\$256,549,686	\$234,267,366
Income before income taxes.....		24,221,051	19,106,608	17,394,175
Percent to sales.....		8.5	7.4	7.4
Net income		11,351,051	10,181,608*	9,074,175
Percent to sales.....		4.0	4.0	3.9
Dividends paid		4,126,945	4,126,945	4,126,945
Per Common Share				
Net income		\$ 3.85	\$ 3.45*	\$ 3.08
Dividends		1.40	1.40	1.40
Cash Flow		5.46	5.39	4.30
Financial Position				
Working capital		\$ 52,878,593	\$ 47,332,031	\$ 44,768,499
Ratio of current assets to current liabilities		2.67	2.84	2.83
Receivables — net		29,263,337	20,621,285	22,156,043
Merchandise inventories		46,017,007	39,756,641	33,324,842
Property and equipment — net.....		53,143,218	48,844,319	44,681,549
Total assets		137,731,638	121,915,321	113,954,714
Long term debt		15,731,451	13,526,096	14,572,462
Earnings retained in the business.....		76,349,945	69,125,839	61,684,171
Stockholders' equity		87,899,360	80,675,254	73,233,586
Per common share.....		29.82	27.37	24.84
Number of shares outstanding		2,947,818	2,947,818	2,947,818
Stores at end of year				
Number		61	61	60
Total square feet		5,005,000	4,942,000	4,630,000

* In addition to earnings shown above for the year ended January 31, 1968, an extraordinary gain on the sale of an investment was realized in the net amount of \$1,387,005, or 47¢ per share.

1966	1965	1964	1963	1962	1961	1960
\$220,610,170	\$207,260,905	\$192,408,732	\$183,840,305	\$175,820,970	\$170,247,354	\$167,799,529
16,590,344	14,252,235	11,160,157	10,297,664	10,068,178	9,668,412	10,375,430
7.5	6.9	5.8	5.6	5.7	5.7	6.2
8,600,344	7,132,235	5,370,157	4,887,664	4,818,178	4,658,412	4,985,430
3.9	3.4	2.8	2.7	2.7	2.7	3.0
3,537,382	3,537,382	2,947,818	2,947,818	2,431,950	2,431,950	2,423,777
\$ 2.92	\$ 2.42	\$ 1.82	\$ 1.66	\$ 1.63	\$ 1.58	\$ 1.69
1.20	1.20	1.00	1.00	.82½	.82½	.82½
4.06	3.61	2.97	2.74	2.67	2.57	2.61
\$ 42,075,189	\$ 39,567,014	\$ 37,533,095	\$ 37,290,759	\$ 35,297,601	\$ 34,538,888	\$ 32,753,039
2.57	2.67	2.58	2.30	2.93	3.13	2.79
24,700,517	21,846,927	20,556,089	27,225,565	15,778,321	15,120,028	14,741,032
32,178,978	30,124,294	29,665,608	28,926,550	27,070,761	26,087,816	27,429,533
42,556,124	41,239,303	40,881,816	39,765,753	38,020,878	36,873,849	36,837,080
111,392,761	104,446,672	102,129,106	105,641,665	91,616,657	87,627,136	87,847,976
15,857,693	16,176,923	17,407,370	18,616,310	17,080,123	17,850,609	18,606,453
55,705,205	51,673,979	48,079,126	45,656,787	43,716,941	41,330,713	39,104,251
67,254,620	63,223,394	59,628,541	57,206,202	55,266,356	52,880,128	50,653,666
22.82	21.45	20.23	19.41	18.75	17.94	17.18
2,947,818	2,947,818	2,947,818	2,947,818	2,947,818	2,947,818	2,947,818
58	60	61	61	61	58	57
4,427,000	4,447,000	4,150,000	4,113,000	3,936,000	3,924,000	3,789,000

the Jones Store co. Its History

The Jones Store Company is the realization of the dreams of many men but it started with a man named J. Logan Jones who was born in a wigwam of the Ottawa



Indian Tribe in the territory of Kansas.

The first store was 20 feet wide, located on Main Street, in Stafford, Kansas, a thriving town of 1,000 inhabitants in the year 1887.

It moved to North Fifth Street in Kansas City, Kansas in 1890 and later to Minnesota Avenue. In 1895, it made its big move across the river into a seven story building on Sixth and Main Streets in Kansas City, Missouri.

A fire which gutted the building in 1899 could not keep its doors closed and the next day it re-opened in a small building next door.

The new Jones Store Company opened at 1215 Main Street, the site of its present location, on December 1, 1901. Since that date, it has grown east and west, to become the familiar landmark known so well to the citizens of Kansas City.

In 1958, it was substantially re-modeled. All but two of its seven buildings were completely rebuilt. This renovation required a period of three years, during which time the store did not close for a single day.

The same year (1958), the first large suburban store (shown in the lower section of the back cover) was opened at Prairie Village, Kansas, followed in 1962 by a store (the lower section of the front cover) in the Blue Ridge area of Kansas City, and in 1967 by the Overland Park, Kansas store (upper section of the back cover). It also operates branches in Pittsburg, Kansas and Independence, Missouri.



the Jones Store co. Its Way of Life—Fashion

Fashion is the intangible ingredient that makes things sell. Its influence in our society is an economic reality . . . it permeates our way of life in everything from soap to music.

The degree of awareness of fashion is the vital factor that differentiates one store from another. Retailing, without an ever increas-

ing, all encompassing fashion approach is unrealistic.

Deciding that it wanted to be a store that makes things happen, rather than one that watches things happen, The Jones Store Company took an analytical look at itself and decided that its approach to retailing would be fashion oriented. Its first decision was that this approach

would be all encompassing.

This fashion attitude would characterize merchandise, advertising and display. It would become a way of life for its people. Today, its merchandising reflects this fashion motivation. Every department — men's, women's, children's, gifts, home furnishings and fabrics — works constantly to analyze and



develop fashion trends, current and futuristic. Advertising and display work unceasingly to provide the correct atmosphere of fashion presentation. Salespeople are well informed.

The people in its stores and the people in its buying offices in New York and California utilize every medium to keep aware of the

trends that influence business. In this electronic age of instant communication, fashion is always today, never tomorrow—it's as current in the village as in the big city—it's now!

Its people strive to analyze its customers, to know them as individuals, to know what they want, when they want it and how they

want to shop.

This customer awareness dictates store hours, credit plans, new store planning, merchandising and merchandise presentation. It is reflected in the presentation of only quality merchandise in every department, the revamping of the gift area, the establishment of a bridal registry, the opening of a completely furnished, three-bedroom house on the furniture floor, the establishment of specialized shopping areas designed to present a total shopping concept for the individual woman—such as a self-contained area for Junior shoppers, a contemporary shop for the sophisticated young adult, a Pants N Things shop which assembles the shirts, scarves and accessories so necessary to the current pant trend, and now the in-the-works plan of completely remodeling the accessory and children's departments. It is reflected in its current attitude towards men. It is changing the physical as well as the merchandising approach to the men's fashion business, realizing that here, too, fashion and individuals demand a new concept of merchandising.

It knows that the foundation of business is people, and it is proud of the fashion-minded, talented individuals who function as a team to make The Jones Store Company an authoritative fashion store.

In a city that is fundamentally specialty shop oriented, it is a *department store*, so it strives to give the customer the individual attention and fashion know-how she is accustomed to. No matter where fashion leads, the store will never forget the tradition upon which it was built . . . customer satisfaction.



MERCANTILE STORES COMPANY, INC.

DEPARTMENT STORE DIVISIONS

Bacon's *Established 1845*

Louisville, Kentucky

H. Marvin Dorethy, President

Downtown Louisville

St. Matthew's

Shively

Jeffersonville, Ind.

Castner-Knott *Established 1898*

Nashville, Tennessee

James C. Lovell, President

Downtown Nashville

Green Hills

Donelson

Shelbyville

Harding Mall

Bowling Green, Ky.

Crews-Beggs *Established 1888*

Pueblo, Colorado

Jack Overly, President

Downtown Pueblo

O. J. DeLendrecies

Established 1879

Fargo, North Dakota

Ray Klein, President

Downtown Fargo

Gayfer's *Established 1879*

Mobile, Alabama

Fred J. Bostrom, President

Downtown Mobile

Springdale

Pensacola, Fla.

Edgewater, Miss.

Glass Block *Established 1887*

Duluth, Minnesota

Robert W. Tyler, President

Downtown Duluth

Hennessy's *Established 1885*

Butte, Montana

Milo D. Skordal, President

Downtown Butte

Helena

Jones *Established 1887*

Kansas City, Missouri

Ronald W. Ferguson, President

Downtown Kansas City

Blue Ridge

Independence

Prairie Village, Kans.

Pittsburg, Kans.

Overland Park, Kans.

Joslin's *Established 1873*

Denver, Colorado

Donald R. Chabot, President

Downtown Denver

Englewood

Lakewood

Greeley

Boulder

Aurora

Villa Italia

Lazarus *Established 1889*
Wilkes-Barre, Pennsylvania
Russell W. Lackie, President
Downtown Wilkes-Barre

Lion *Established 1857*
Toledo, Ohio
Leon F. Winbigler, President
Downtown Toledo
Westgate

McAlpin's *Established 1852*
Cincinnati, Ohio
William G. Stubenvoll, President
Downtown Cincinnati
Kenwood
Western Hills
Cherry Grove
Middletown
Lexington, Ky.

Montgomery Fair *Established 1868*
Montgomery, Alabama
Stephen E. Maxwell, President
Suburban Montgomery
Eastbrook
Opelika
Tuscaloosa

Peoples *Established 1888*
Tacoma, Washington
Henry W. Powell, President
Downtown Tacoma
Yakima
Lakewood
Port Angeles
Wenatchee
Olympia (Lacey)

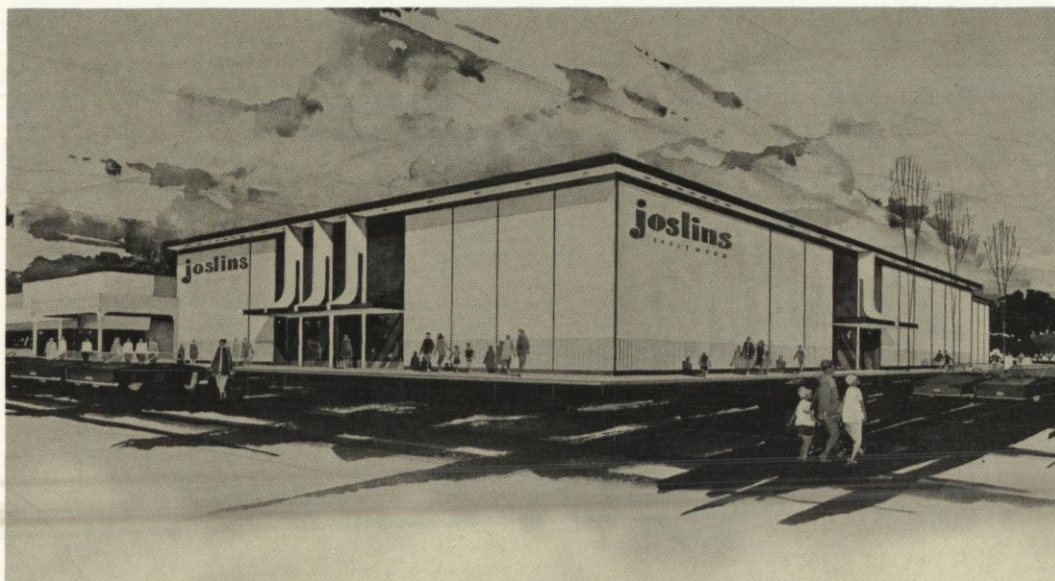
The Right House *Established 1843*
Hamilton, Ontario, Canada
John R. Barrett, President
Downtown Hamilton
Brantford
Galt
St. Catharines

Root's *Established 1856*
Terre-Haute, Indiana
Frank C. Schrohe, President
Downtown Terre-Haute
Sullivan
Robinson, Ill.

J. B. White *Established 1874*
Augusta, Georgia
Paul A. Martsof, President
Downtown Augusta
National Hills
Aiken, S. C.

J. B. White *Established 1874*
Columbia, South Carolina
Thomas E. Hale, President
Suburban Columbia

Our Latest Two Stores



Joslin's, Englewood, Colo., opened September 19, 1968



Gayfer's, Tuscaloosa, Ala., opened February 19, 1969

Represented in the markets by:

MERCANTILE STORES COMPANY, INC. (N. Y.)
128 W. 31st Street
New York, N. Y. 10001
Cable Address: Merstore

Stock Transfer Agent:

CHEMICAL BANK
20 Pine Street
New York, N. Y. 10015

Registrar of Stock:

FIRST NATIONAL CITY BANK
399 Park Avenue
New York, N. Y. 10022

MERCANTILE STORES
COMPANY, INC.
our 50th year

